

REPUBLIC OF KENYA



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**REPORT OF
THE
AUDITOR-GENERAL**

Volume 7

KENYA NATIONAL AUDIT OFFICE

ON

**THE FINANCIAL STATEMENTS
OF KENYA VISION 2030 DELIVERY
SECRETARIAT FOR THE YEAR
ENDED 30 JUNE 2013**



REPUBLIC OF KENYA



Telephone: +254-20-342330
Fax: +254-20-311482
E-mail: cag@kenao.go.ke
Website: www.kenao.go.ke

P.O. Box 30084-00100
NAIROBI

KENYA NATIONAL AUDIT OFFICE

REPORT OF THE AUDITOR-GENERAL ON KENYA VISION 2030 DELIVERY SECRETARIAT FOR THE YEAR ENDED 30 JUNE 2013

REPORT ON THE FINANCIAL STATEMENTS

I have audited the accompanying financial statements of Kenya Vision 2030 Delivery Secretariat set out on pages 19 to 32, which comprise the statement of financial position as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 14 of the Public Audit Act, 2003. I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 13 of the Public Audit Act, 2003.

Auditor-General's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit and report in accordance with provisions of Section 15 of the Public Audit Act, 2003. The audit was conducted in accordance with International Standards on Auditing. Those standards require compliance with ethical requirements and that the audit be planned and performed to obtain reasonable

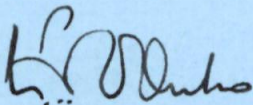
assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Secretariat's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Secretariat as at 30 June 2013 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Kenya Gazette Notice No.1386 dated 17 February, 2009.



Edward R. O. Ouko, CBS
AUDITOR-GENERAL

Nairobi

17 February 2014



KENYA
VISION 2030
TOWARDS A GLOBALLY COMPETITIVE
AND PROSPEROUS NATION

KENYA VISION 2030 DELIVERY SECRETARIAT

ANNUAL REPORT AND FINANCIAL STATEMENTS

30TH JUNE 2013

ANNUAL REPORT AND FINANCIAL STATEMENTS

30TH JUNE 2013

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SECRETARIAT INFORMATION

BACKGROUND

Kenya Vision 2030 Delivery Secretariat was established through Kenya Gazette Notice 1386 dated 17th February, 2009.

The mandate of VDS as outlined in the Gazette Notice stipulates that “there shall be a Vision Delivery Secretariat which shall spearhead the implementation of the Vision as the country’s blueprint and strategy towards making Kenya a newly – industrializing middle income country capable of providing a high quality of life for all its citizens by the year 2030”.

The function of the secretariat is to:-

- a) Provide strategic leadership and co-ordination in the realization of the overall goals and objectives of the Vision and its Medium Term Plans;
- b) Drive and manage the transformation process;
- c) Assist in the preparation of all relevant projects documents on the vision flagship projects together with their implementation schedules and costs;
- d) Provide liaison between Government Ministries and the private sector participants in each flagship project;
- e) Ensure that all projects and programmes contained in the Vision and the Medium Term Plans are funded, launched and completed on schedule;
- f) Co-ordinate the activities of Government Ministries and Departments and private sector institutions that will be collaborating in the implementation of the Vision flagship projects;
- g) Undertake any rapid action necessary to remove such implementation bottlenecks as may arise in the course of implementation of projects;
- h) Undertake constant monitoring and evaluation of all the projects under the Vision and undertake such remedial action as may be necessary for the realization of the goals under the Vision;
- i) Prepare quarterly and mid-term implementation Progress Reports for consideration by the Vision Delivery Board and Vision 2030 Cabinet Committee;
- j) Aggressively market the vision and its medium term plans and publicize and communicate its activities and achievements to the people of Kenya;
- k) Recommend to the Board any revisions or additions to the Vision in the light of experience, or unexpected changes in the national or global economy; and
- l) Recommend to the Government of Kenya any institutional legal or administrative changes that may be necessary to realize the Vision goals and aspirations as well as the goals of the medium term plan.

AUDITORS

Kenya National Audit Office
P.O Box 30084-00100
Nairobi, Kenya

BANKERS

Cooperative Bank of Kenya
Upper Hill Branch – KUSCCO Centre
P.O. Box 30415 - 00100
NAIROBI

HEAD OFFICE

Head Office
KUSCCO CENTRE
2nd Floor Upper Hill
P.O Box 52301, 00200 GPO
Nairobi, Kenya
Tel: (020) 2722030

BOARD OF DIRECTORS

NO	NAME	NATIONALITY	POSITION	PLACE OF WORK	DATE OF APPOINTMENT	MEETING ATTENDANCE
1	Dr. James Mwangi, CBS	Kenyan	Chairman	Chairman, Vision 2030 Delivery Board	20 th July, 2013	100%
2	Mr. Francis T. Kimemia, EGH	Kenyan	Member	Secretary to the Cabinet	January 2012	0%
3	Mr. Joseph K. Kinyua, CBS	Kenyan	Member	PS Ministry of Finance	17 th February 2009 to 27 th June, 2013	0%
4	Dr. Edward Sambili, CBS	Kenyan	Member	PS Ministry of State for Planning, National Development & Vision 2030	17 th February 2009 to 27 th June, 2013	80%
5	Dr. Mohammed Isahakia, CBS	Kenyan	Member	PS Office of the Prime Minister	17 th February 2009 to 27 th June, 2013	0%
6	Ms. Dorothy N. Angote, CBS	Kenyan	Member	PS, Ministry of Lands	16 th February , 2012 to 27 th June, 2013	60%
7	Dr (Eng) Cyrus Njiru, CBS	Kenyan	Member	PS Ministry of Transport	17 th February 2009 to 27 th June, 2013	60%
8	Prof. Karega Mutahi, CBS	Kenyan	Member	PS Ministry of Local Government	17 th February 2009 to 27 th June, 2013	20%
9	Mr. Thuita Mwangi, CBS	Kenyan	Member	PS, Ministry of Foreign Affairs	17 th February 2009 to 27 th June, 2013	40%
10	Eng. M.S.M. Kamau, CBS	Kenyan	Member	PS Ministry of Roads	17 th February 2009 to 27 th June, 2013	20%
11	Eng. Abdulrazaq Adan Ali, CBS	Kenyan	Member	PS Ministry of Trade	17 th February 2009 to 27 th June, 2013	40%
12	Eng. David Stower, CBS	Kenyan	Member	PS Ministry of Water & Irrigation	17 th February 2009 to 27 th June, 2013	40%
13	Dr. Bitange Ndemo, CBS	Kenyan	Member	PS Ministry of Information & Communications	17 th February 2009 to 27 th June, 2013	60%
14	Mr. Patrick M. Nyoike, CBS	Kenyan	Member	PS Ministry of Energy	17 th February 2009 to 27 th June, 2013	60%
15	Ms. Leah A. Gwiyo, CBS	Kenyan	Member	PS Ministry of Tourism	17 th February 2009 to 27 th June, 2013	20%
16	Dr. Romano Kiome, CBS	Kenyan	Member	PS Ministry of Agriculture	17 th February 2009 to 27 th June, 2013	0%
17	Dr. Eng. Karanja Kibicho, CBS	Kenyan	Member	PS Ministry of Industrialization	17 th February 2009	80%
18	Mr. Mark Bor, CBS	Kenyan	Member	PS Ministry of Public Health & Sanitation	17 th February 2009 to 27 th June, 2013	40%
19	Mr. James M . Waweru, EBS	Kenyan	Member	PS Ministry of Youth Affairs and Sports	17 th February 2009 to 27 th June, 2013	20%
20	Prof. Crispus M. Kiamba, MBS, CBS	Kenyan	Member	PS Ministry of Higher Education, Science & Technology	17 th February 2009 to 27 th June, 2013	0%
21	Ms. Njoki Kahiga, OGW	Kenyan	Member	Ag. Permanent Secretary,	9 th January, 2013 to	0%

				Ministry of State for Public Service	9 th July, 2013	
22	Mr. Titus Ndambuki, CBS	Kenyan	Member	PS – Public Service	17 th February 2009 to 9 th January, 2013	20%
23	Mr. Gichira Kibara, CBS	Kenyan	Member	PS – Ministry of Justice, National Cohesion	16 th February 2012 to 27 th June, 2013	0%
24	Amb. Ruth S. Solittei, CBS	Kenyan	Member	PS, Ministry of Tourism	17 th February 2009 to 27 th June, 2013	40%
25	Prof. Jacqueline Oduol, CBS	Kenyan	Member	PS, Ministry of Gender, Children & Social Development	16 th February 2012 to 27 th June, 2013	0%
26	Prof. George I. Godia, CBS	Kenyan	Member	PS, Ministry of Education	16 th February 2012 to 27 th June, 2013	20%
27	Mr. Tirop Kosgey, CBS	Kenyan	Member	PS, Ministry of Housing	16 th February 2012 to 27 th June, 2013	80%
28	Amb. Franklin Espipila	Kenyan	Member	Ag. PS, Ministry of Gender, Children & Social Development	17 th February 2009 to 16 th February, 2012	40%
29	Ms. Mary W, Ngari, CBS	Kenyan	Member	PS, Medical Services	16 th February 2012 to 27 th June, 2013	0%
30	Mr. Mwalimu Musee,	Kenyan	Member	Ag. Managing Director – KenInvest	17 th February 2009 to 13 th February, 2013	20%
31	Dr. Moses Ikiara, MBS	Kenyan	Member	Managing Director Kenya Investment Authority	13 th February, 2013	40%
32	Prof. Njuguna Ndungu,	Kenyan	Member	Governor Central Bank of Kenya	17 th February 2009	20%
33	Mr. Paul Muthaura,	Kenyan	Member	Ag. Managing Director Capital Markets Authority	1 st June, 2012	40%
34	Dr. Julius M. Muia, EBS	Kenyan	Member	Secretary National Economic Social Council	17 th February 2009	80%
35	Prof. Agnes Wakesho Mwangombe	Kenyan	Member	College of Agriculture & Veterinary Sciences	24 th August, 2012	80%
36	Ms. Lydia Koros	Kenyan	Member	Co-founder & MD, Progression/Africa	24 th August, 2012	100%
37	Mr. John Musunga	Kenyan	Member	CEO, Glaxo Smithkline Ltd..	24 th August, 2012	80%
38	Mr. Abdi Mohamed Ahmed	Kenyan	Member	Titan House, 2 nd Flr	24 th August, 2012	80%
39	Dr. L.K. Sangale	Kenyan	Member	The Aga Khan Hospital, 3 rd floor, room 320	24 th August, 2012	100%
40	Mr. Louis Otieno	Kenyan	Member	GM, East & South Africa, Microsoft Corporation	24 th August, 2012	80%
41	Mr. Bob Collymore	British	Member	Chief Executive Safaricom Ltd, Westlands	24 th August, 2012	80%
42	Mr. Stephen Kirogo, EBS	Kenyan	Alternate to HOPs	Principal Administrative Secretary, OP	31 st January, 2013	0%
43	Mr. Vincent Rague,	Kenyan	Alternate to Mr. Joseph Kinyua	Senior Financial Adviser Ministry of Finance	17 th February 2009	80%

44.	Dr (Mrs) Rachel Gesami, MBS	Kenyan	Alternate to Dr. Mohamed Isahakia	Secretary, Policy Coordination Office of the Prime Minister	17th February 2009	80%
45.	Mr. Samuel M. Mwale, CBS	Kenyan	Alternate to HOPs	Principle Administrative Secretary/Assistant Secretary to the Cabinet	17th February 2009 to 31 st January, 2013	20%
46.	Mr. Mugo Kibati, MBS	Kenyan	Secretary	Vision 2030 Delivery Secretariat	17th February 2009	100%

OP – Office of the President; HOPs – Head of Public Service; PS – Permanent Secretary; MD – Managing Director; CEO – Chief Executive Officer; GM – General Manager

NB: During the year the Board held a total of five (5) meetings

BOARD COMMITTEES

The board committees as at the date of this report comprise:

The Board Ad Hoc Committee/ Finance and Administration Committee	The Board Communications Committee
Composition	Composition
5 Board Members and the Director General	5 Board Members and the Director General
Main Function	Main Function
To consider and approve operational matters (Finance and Human Resources) of Vision 2030 Delivery Secretariat.	To consider and approve Strategy and Integrated Communication & Marketing matters of Vision 2030 Delivery Secretariat.
Frequency of meetings per annum	Frequency of meetings per annum
Quarterly or on need basis	Quarterly or on need basis
Chairman	Chairman
Mr. Titus Ndambuki, CBS – up to 9 th January 2013 Ms. Njoki Kahiga – From 9 th January 2013 up to 9 th July 2013	Dr. Bitange Ndemo, CBS
Members	Members
Dr. Edward Sambili, CBS, Prof. Crispus M. Kiamba, MBS, CBS, Dr. Julius M. Muia, EBS, Dr. L.K. Sangale, Mr. Mugo Kibati, MBS.	Dr. Edward Sambili, CBS, Prof. Peter Wanyande, Mr. Abdi Mohamed Ahmed, Dr. L.K. Sangale, Mr. Mugo Kibati, MBS.

SECRETARIAT MANAGEMENT

The Secretariat team comprises of the Director General, Directors, and assistant Directors as follows:

Mr. Mugo Kibati	-	Director General
Dr. Gituro Wainaina	-	Director Social and Political Pillar
Dr. Mohammed Omar	-	Director Economic Pillar
Mr. Nicholas K Mwilu	-	Assistant Director/Finance & Administration
Mr. John Kariuki	-	Assistant Director Economic Pillar
Ms. Grace Wandera	-	Ag. Director Communication and Strategy
Mr. Jonathan Lodompui	-	Ag. Director Enablers and Macro
Mrs. Ada Mwangola	-	Assistant Director Social Pillar
Mrs. Rinah Ondego-Akoto	-	Executive Officer

CORPORATE GOVERNANCE STATEMENT

Corporate governance is the process by which organizations are directed and controlled with the objective of increasing stake/shareholders value and satisfying them. This is achieved by establishing a system of clearly defined authorities and responsibilities, which result in a system of internal controls that is regularly tested to ensure effectiveness.

At Kenya Vision 2030 Delivery Secretariat, the Management places a high degree of importance on maintaining a sound control environment and applying the highest standards of operational integrity and professionalism in all areas of its activities.

The Management is responsible for the governance of VDS and conducts the business and operations of VDS with integrity and in accordance with generally accepted corporate practices, in a manner based on transparency, accountability and responsibility.

CHAIRMAN'S STATEMENT

Kenya Vision 2030 Delivery Board (VDB) was established through Kenya Gazette Notice 1386 dated 17th February, 2009, with the mandate of spearheading the implementation of the Vision as the country's blueprint and strategy. The Board plays a policy making and advisory role and provides overall leadership, oversight, guidance and policy direction in implementation of the Vision and sustenance of momentum in realizing the goals and aspirations under the Vision. The Board is also responsible for setting targets and evaluation of targets achieved.

The financial year 2012/2013 mark the third year of operationalization of Vision 2030 Delivery Secretariat (VDS) and it is with great pleasure that I present the annual report and financial statements of the Secretariat for the financial year ending 30th June 2013. This report outlines the financial performance of VDS during the financial year 2012/2013.

The Vision 2030 Delivery Board through VDS has been working closely in collaboration with government ministries and departments as well as the private sector, civil society and other relevant stakeholder groups in order to deliver Vision 2030. All government ministries, departments and agencies have aligned their strategic plans to vision 2030 which is the national development plan. The strategy to deliver faster annual growth is being executed through concrete flagship projects across the priority sectors in the macro and enablers and all the three pillars of the Vision. The flagship projects are large-scale initiatives aimed at transforming the entire nation into a globally competitive and industrializing country by 2030.

The Vision 2030 Blueprint has within the last five years since its launch in 2008 as a national economic development strategy managed to enjoy a most natural evolution. During the 2012/2013 financial year, the Vision 2030 Blueprint was transformed from a government strategy document to a national economic, social and political development policy by 9th Parliament.

The life span of the First Medium Term Plan (2008-2012) came to an end and the process of developing the Second Medium Term Plan (2013-2018) got underway with Sector Working Groups and County Consultations. The first draft was ready in March 2013; the new regime has had the opportunity to validate the Second Medium Term Plan (MTP) and the final draft will be launched in September 2013.

During the financial year 2012/2013, the Board and Management of VDS developed strategic plan which enabled the Board and the Secretariat for the first time to enter into a performance contract with the Government of the Republic of Kenya through its Ministry of State for Planning, National Development and Vision 2030. The performance of the Board and the Secretariat will be monitored and evaluated among other government agencies and ranked accordingly.

I look forward to achieving some big milestones over the coming years, and to giving real hope to the people of this great country. Together we will achieve Vision 2030.

Thank you and God bless you

Dr. James Mwangi, CBS
Chairman, Vision 2030 Delivery Board

DIRECTOR GENERAL'S STATEMENT

The Kenyan Government created a Vision Delivery Secretariat (VDS), to ensure the timely implementation of the flagship projects. The Secretariat operates under the overall guidance of the Vision 2030 Delivery Board (VDB), which plays a policy-making and advisory role. VDS collaborates with the relevant ministries in developing the Five-Year Medium-Term Plans. VDS is organized into four directorates namely, Economic Pillar Directorate, Social and Political Pillars Directorate, Enablers and Macro Directorate, Communication, Strategy & Marketing Directorate, and Finance & Administration department all reporting to the office of the Director General. These Directorates provide strategic leadership and direction and the day-to-day management of activities in the realization of the Vision 2030 goals. The Directorates correspond to the main project clusters or sectors of the Vision covering the three pillars and the foundations.

In the 2012/2013 financial year VDS was able to accomplish the following:

Staffing

The period saw, two (2) additional staff members recruited from thirty two (32) at the start of the financial year. Four (4) staff members left, leaving a total of thirty (30) at the end of the period. During the period employment contracts for two (2) directors which ended in the previous financial year were renewed. The total approved staff complement is fifty (50) members of staff. In order to fully undertake its mandate, VDS intends to bring on board additional staff in the coming financial year.

Communication

The Secretariat has continuously engaged members of the media and provided information on Vision 2030. Further to this VDS has maintained a strong online presence through its website and social media platforms. This saw the Secretariat winning a social media award for *Best use of social media – Government bodies category*. The event was organized by OLX.

Budgetary Constraints

The financial year 2012/2013 saw the VDS recurrent budget reduced from Ksh.228 million to Ksh.196 million and development budget reduced from Ksh.5 million to Ksh.3.6 million. This greatly affected the operations of the Secretariat and many of the activities which were to be undertaken during the year were deferred. This continued limited budget allocations over the years has significantly impeded operationalization of the VDS mandate. The Secretariat has not been able to recruit staff as per approved establishment, nor undertake robust communication and advocacy as envisaged. Plans to partition and furnish the offices are still pending.

Technical Assistance

VDS mandate including private sector participation in the delivery of Vision 2030, involves ensuring that projects are funded and informing the government on changes in global trends impacting the achievement of the Vision. Against this background the Secretariat in the past and during the year signed various MOUs with private sector to undertake transformational projects as well as playing a central role in the implementation of the MOUs for instance G to G MOU with the Government of Singapore, which include Special Economic Zones, Affordable Housing, and Single Window. VDS also signed Memorandums of Understanding (MOUs) with Lake Turkana Wind Power; Garden City Project; and the Results for Africa Institute and Center for public policy & Competitiveness Strathmore Business School.

The Secretariat has also originated, developed and implemented new initiatives that have since been included in Second Medium Term Plan (MTP II) e.g. Health Tourism and Single Revenue Collector. Through our engagement with international investors the Secretariat as part of a wider government committee is negotiating a possible equity investment on development of Lamu port as one of the components of the Lamu Port Southern Sudan-Ethiopia Transport Corridor (LAPSSET). These exercises will continue to pick up pace and VDS will be required to undertake several similar technical assistance projects.

VDS Engagements

In the 9th Performance Contracting Cycle, the Secretariat ensured that flagship projects in all government agencies are entrenched in their performance contracts. The Secretariat has also embarked on a Vision 2030 branding exercise with all Ministries Department and Agencies. This can be best demonstrated in the highly visible Vision 2030 branding seen in various communication medium by government agencies such as signage, press advertisements among others. In order to achieve this, the Secretariat developed branding guidelines which it disseminated across Public Sector institutions.

VDS Performance Contract

During the financial year 2012/2013, the Board and Management of VDS developed a strategic plan which enabled the Board and the Secretariat for the first time to enter into a performance contract with the Government of the Republic of Kenya through its Ministry of State for Planning, National Development and Vision 2030. VDS cascaded the performance contract to all staff members. During the year the Secretariat also developed and implemented staff performance appraisal system which saw all staff members being appraised at the end of the financial year.

Thank you.

Wainaina Gituro

Ag. Director General, Vision 2030 Delivery Secretariat

THE FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors submit this report together with the financial statements for the year ended 30th June 2013, in accordance with Section 14 of the State Corporations Act.

PRINCIPAL ACTIVITIES

Kenya Vision 2030 Delivery Secretariat was established through Kenya Gazette Notice 1386 dated 17th February, 2009.

The mandate of VDS as outlined in the Gazette Notice stipulates that “there shall be a Vision Delivery Secretariat which shall spearhead the implementation of the Vision as the country’s blueprint and strategy towards making Kenya a newly – industrializing middle income country capable of providing a high quality of life for all its citizens by the year 2030”.

RESULTS

The net deficit for the year is **Ksh. 20,692,005**, accumulated reserves is **Ksh.17,601,227**

AUDITORS

Kenya National Audit Office audits the accounts of VDS, in accordance to with Section 14 of the State Corporations Act.

By Order of the Board

Director General

Date;

STATEMENT OF DIRECTOR'S RESPONSIBILITY

The State Corporations Act (Cap 446) of the Law of Kenya requires the Directors to prepare financial statements for each financial year, which gives a true and fair view of the state of affairs of the Secretariat as at the end of the financial year and of its operating results for the year.


The Directors are required to ensure that the Secretariat keeps proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Secretariat. They are also responsible for safeguarding the assets of the Secretariat and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

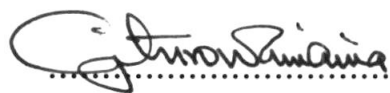
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Secretariat and of its operating results as at 30th June 2013. The Directors further accepts responsibility for the maintenance of accounting records, which may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial controls.

Nothing has come to the attention of the Directors to indicate that the Secretariat will not remain a going concern for at least the next twelve months from the date of this statement.

Approved by the Board of Directors on 18th September 2013 and signed on its behalf by:


.....
Chairman


.....
Director General

REPORT OF THE INDEPENDENT AUDITORS

KENYA VISION 2030 DELIVERY SECRETARIAT

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE

	2013	30-Jun-13	30-Jun-12
INCOME	Notes	Kshs	Kshs
Government Grant	8a	196,735,408	227,456,705
Amortization of Granted Assets	12	2,892,230	3,180,830
Other Income	9	1,608,100	642,700
TOTAL		201,235,738	231,280,235
EXPENDITURE			
Personnel Emoluments	10	86,792,439	100,164,161
Operating & Maintenance Expenses	11	119,781,841	129,778,405
Board Members Expenses	13	3,109,144	4,481,917
Depreciation & Amortization	2&3	11,316,319	10,840,310
Audit Fee	14	928,000	400,000
TOTAL		221,927,743	245,664,793
SURPLUS / (DEFICIT)		(20,692,005)	(14,384,558)
Accumulated Reserves B/F		3,090,778	17,475,336
Accumulated Reserves C/F		(17,601,227)	3,090,778

KENYA VISION 2030 DELIVERY SECRETARIAT

**STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30 JUNE
2013**

ASSETS	Notes	30-Jun-13	30-Jun-12
Non-Current Assets		Kshs	Kshs
Property, Plant & Equipment	2	22,056,969	28,639,767
Intangible Assets	3	474,047	1,410,991
		22,531,016	30,050,758
Current Assets			
Trade and Other Receivables	4	2,437,583	2,055,070
Prepayments	5	3,158,845	2,798,268
Cash and Bank Balances	20	9,135,263	49,847,063
		14,731,691	54,700,401
TOTAL ASSETS		37,262,707	84,751,159
CAPITAL AND RESERVES			
Surplus / (Deficit) Account	7	(17,597,521)	3,094,484
Capital Reserve	21	45,861,197	42,004,605
		28,727,676	45,099,089
LIABILITIES			
Non-Current Liabilities			
Deferred Income – Government Grant	12	1,294,206	4,186,436
Current Liabilities			
Trade and Other Payables	6	7,704,825	35,465,634
		8,999,031	39,652,070
TOTAL EQUITY & LIBILITIES		37,262,707	84,751,159


 Dr. James Mwangi, CBS
CHAIRMAN


 Wainaina Gituro
Ag. DIRECTOR GENERAL

KENYA VISION 2030 DELIVERY SECRETARIAT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2013

	30-Jun-13	30-Jun-12
	Kshs	Kshs
Net Cash Flow from Operating Activities		
Operating Surplus / (Deficit)	(20,692,005)	(14,384,558)
Adjustment		
Depreciation & Amortization	11,316,319	10,840,310
Amortization of Granted Assets	(2,892,230)	(3,180,830)
Changes in Working Capital		
(Increase) / Decrease in Receivables	(382,510)	4,445,993
(Increase) / Decrease in Prepayments	(360,578)	6,629,698
(Increase) / Decrease in Inventories	-	310,750
Increase / (Decrease) in Payables	(27,760,810)	29,624,649
Net Cash Flow from Operating Activities	(40,771,814)	34,286,010
Investing Activities		
Purchase of Fixed Assets	(3,856,592)	(4,001,125)
Intangible Assets	60,014	(1,542,170)
Net Cash Flow from Investing Activities	(3,796,578)	(5,543,295)
Financing Activities		
Capital Reserves	3,856,592	5,543,295
Net Cash Flow from Financing Activities	3,856,592	5,543,295
Increase/Decrease in Cash & Cash Equivalent	(40,711,800)	34,286,010
Cash & Cash Equivalents at Start of year	49,847,063	15,561,053
Cash & Cash Equivalents at End of year	9,135,263	49,847,063
Analysis of Balances of Cash & Cash Equivalents		
Bank Balance	9,135,263	49,847,063
Cash & Cash Equivalent	9,135,263	49,847,063

KENYA VISION 2030 DELIVERY SECRETARIAT

**STATEMENT OF CHANGES IN EQUITY
THE YEAR ENDED 30TH JUNE 2013**

	Capital Reserve KShs.	General Reserve KShs.	TOTAL KShs.
At the Start of the Year July 2011	36,461,310	17,475,336	53,936,646
Capital Grant	5,543,295		5,543,295
Prior Year Adjustment		3,706	3,706
Surplus/ (Deficit) for the period	-	(14,384,558)	(14,384,558)
At the end of the year 30 June 2012	42,004,605	3,094,484	45,099,089
YEAR ENDED 30TH JUNE 2013	Capital Reserve Kshs	General Reserve Kshs	Total Kshs
At the Start of the Year July 2012	42,004,605	3,094,484	45,099,089
Capital Grant	3,856,592		3,856,592
Prior Year adjustment		-	-
Surplus (Deficit) for the Year		(20,692,005)	(20,692,005)
At the end of the year 30 June 2013	45,861,197	(17,597,521)	28,263,675

KENYA VISION 2030 DELIVERY SECRETARIAT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2013

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies will be consistently applied in preparation of financial statements in the future unless otherwise stated.

a) Basis of Accounting

The financial statements prepared in accordance and comply with International Financial Reporting Standards (IFRS). The measurement basis under the historical cost convention and will be modified by valuation of motor vehicles when that happens in future.

b) Property, Plant and equipment

Property, plant and equipment is initially recorded at cost and thereafter stated at historical cost less depreciation. Valuations will be done every five periods and the assets stated at valuation less depreciation. Any accumulated depreciation will be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Subsequent costs will be included in the asset's carrying amount or recognized as a separate asset, as appropriate when it is probable that future economic benefits will flow to VDS and can be easily measured. The carrying amount of the replaced asset will be derecognized. All other repairs and maintenance are charged to the income and expenditure statement during the period in which they will be incurred.

Increases in the carrying amount arising on revaluation will be credited to a revaluation reserve in the accumulated funds. Decreases that offset previous increases of the same assets will be charged against the revaluation reserve. All other decreases will be charged against the income and expenditure statement. Every period, the difference between depreciation based on the revalued amounts and that based on the asset's historical costs will be transferred from revaluation reserve to accumulated fund.

Depreciation is calculated on the straight line basis at annual rates to write off the cost of assets over their estimated useful lives by equal annual installments at the following rates:-

NOTES TO THE FINANCIAL STATEMENTS

(a) Motor vehicles	25%
(b) Office equipment	12.5%
(c) Furniture	12.5%
(d) Computers	33.3% (3 Years useful life)

c) Capitalization

All assets with a cost of more than Kshs. 10,000 and a life that is more than 1 period are capitalized

d) Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that assets may be impaired or an impairment loss previously recognized no longer exists or may have decreased. If any such indications exist, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and value in use. An impairment loss is recognized in the income and expenditure statement whenever the carrying amount of an asset exceeds its recoverable amount.

e) Foreign Currency Transactions

There were no foreign currency transactions in the period under audit. In future, revenue that will be received and expenditure that will be incurred in foreign currencies will be translated into Kenya Shillings at the rates of exchange prevailing on the transaction dates. Assets and liabilities at the balance sheet date, which are expressed in foreign currency, will be translated into Kenya Shillings at rates ruling at that date. The resulting differences from conversion and translation will be dealt with in the income and expenditure statement in the period in which they arise.

f) Financial assets

The Secretariat's financial assets include cash, cash equivalents and receivables. Cash on hand, balances with financial institutions and receivables are classified as loans and receivables and carried at amortized cost. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. The amount of impairment loss or assets carried at amortized cost is calculated at the difference between the assets carrying amount

NOTES TO THE FINANCIAL STATEMENTS

and the present value of expected cash-flows, discounted at the financial instrument's effective interest rate. Impairment losses are taken into account when determining operating surplus.

g) Inventories

These were no inventories for the period. Stationery and other supplies which are not material in value are expensed on purchase

h) Revenue Recognition

Grants from the Government of Kenya are recorded when realized. In future grants from partners will be recognized as per disbursement schedule agreed in donor agreements.

Miscellaneous receipts are recorded on receipt

i) Cash and Cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at the bank and cash on hand.

j) Financial liabilities

Financial liabilities are recognized initially at fair value and subsequently measured amortized cost using the effective interest rate method.

k) Payables

Payables are recognized at fair value and subsequently measured at amortized cost, using the effective interest rate method.

l) Receivables

Receivable are carried at original invoiced amount less an estimate made for doubtful debts based on a review of all outstanding amounts at the period end. Bad debts are written off in the period in which they are identified. Subsequent recoveries of amounts previously written off are credited to income in their period of recovery.

M) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

2. Fixed Assets Schedule for the year ended June 2013

	EQUIPMENTS	FURNITURE S & FITTINGS	COMPUTERS & PERIPHERALS	MOTOR VEHICLES	TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost / Valuation					
As at 1st July 2012	4,730,756	20,368,080	4,259,138	18,331,425	47,689,399
Additional for the period	1,779,050	390,842	1,686,700	-	3,856,592
Disposals	-	-	-	-	-
As at 30th June 2013	6,509,806	20,758,922	5,945,838	18,331,425	51,545,991
Depreciation					
As at 1st July 2012	853,065	5,236,708	2,542,659	10,417,200	19,049,631
Charge for the period	822,890	2,618,354	1,789,546	5,208,600	10,439,390
Disposals	-	-	-	-	-
As at 30th June 2013	1,675,955	7,855,062	4,332,205	15,625,800	29,489,021
NBV as at 30th June 2013	4,833,850	12,903,860	1,613,633	2,705,625	22,056,969
NBV as at 30th June 2012	3,877,691	15,131,373	1,716,479	7,914,225	28,639,767

EQUIPMENT	FURNITURES & FITTINGS	COMPUTERS & PERIPHERALS	MOTOR VEHICLES		TOTAL
	Kshs	Kshs	Kshs	Kshs	Kshs
Cost / Valuation					
As at 1st July 2011	1,947,131	20,368,080	3,166,638	18,331,425	43,813,274
Additional for the period	2,783,625	-	1,217,500	-	4,001,125
Disposals		-	(125,000)	-	(125,000)
As at 30th June 2012	4,730,756	20,368,080	4,259,138	18,331,425	47,689,399
Depreciation					
As at 1st July 2011	252,556	2,618,354	1,151,746	5,208,600	9,231,256
Charge for the period	600,509	2,618,354	1,515,913	5,208,600	9,943,376
Disposals	-	-	125,000	-	125,000
As at 30th June 2012	853,065	5,236,708	2,542,659	10,417,200	19,049,631
NBV as at 30th June 2012	3,877,691	15,131,373	1,716,479	7,914,225	28,639,767
NBV as at 30th June 2011	1,694,575	17,749,726	2,014,892	13,122,825	34,582,018

Note: Opening balances consist of the NBV of the assets granted from the Ministry and whose depreciation charge is based on their original costs.

3. Intangible Assets

These are Payroll and Computer software licenses and they were capitalized on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortized over their estimated useful life of three years. Note the disposal represents adjustment on the prior year in respect to fiber optic installation which had been overstated by a similar amount.

	Kshs
Opening Balance as at 1 July 2012	2,690,802
Additions as at 31 June 2013	-
Disposals	(60,015)
Total	2,630,787
Amortization	
As at 1st July 2012	1,279,811
Amortization Charged	876,929
Sub total	2,156,740
NBV 30th June 2013	474,047

4. Trade and Other Receivables

	30-Jun-13	30-Jun-12
	Kshs	Kshs
Rent Deposit	2,047,500	2,047,500
Cooperative Bank of Kenya	390,083	
Staff Imprest Advance	-	7,570
Total	2,437,583	2,055,070

Rent deposit relates to rent deposit paid by the Ministry before VDS setup and Cooperative bank relates to double payments done during the banks system upgrade.

5. Prepayments and Deposits

	30-Jun-13	30-Jun-12
	Kshs	Kshs
Prepaid Rent/Deposit – KUSCCO LTD	1,168,666	1,010,320
UAP LIFE – Prepaid Group Life Cover	-	281,297
Resolutions Health E.A Ltd- Prepaid Medical Cover	-	1,240,651
Staff Airtime - July 2013	264,500	266,000
Pacific Insurance Brokers – Prepaid Medical cover	1,466,155	-
Alexander Forbes Insurance Brokers – Prepaid Group life	149,330	-
MTN Business K. Ltd	110,200	-
Total	3,158,846	2,798,268

6. Trade and other payables

	30-Jun-13	30-Jun-12
	Kshs	Kshs
Auditor General	464,000	400,000
Kila Siku Newspapers Suppliers	55,976	-
Lavington Security Ltd	32,000	-
Kenya School Of Government	138,040	-
Ashekah Enterprises	29,300	-
Data Rush Services Ltd	67,280	-
Gad Otieno Awuonda	577,500	-
KRA	576,288	-
Habari Consulting	59,450	-
Intercontinental Hotel Nairobi	94,518	-
Telkom Kenya	30,000	-
Pinnacle (K) Travel & Tours	-	593,854
Akarim Agencies Co. Ltd	-	37,200
Brackenhurst Kenya Limited	-	1,170,850
Chronicle Property Management Ltd	200,000	200,000
Director General	-	57,500
Crowne Plaza	-	56,000
Department Of Film Services	-	494,000
Emmanuel Nzai	-	1,694,667
Eng Judah Abekah	-	3,906,000
Gold FM Ltd	-	1,566,000
Hamilton Harrison	291,259	291,259
KICC	277,791	277,791
Muthaiga Country Club	-	4,602
Kyeka Enterprises Ltd	-	192,240
LAVINDA Limited	-	35,000
Myla Consultancy Ltd	21,600	-
Media Edge Interactive	4,143,056	-
MTN Business K Ltd	-	564,000
Nation Media Group	-	156,600
Ogilvy & Mather E.A LTD	-	17,745,200
Royal Media Services	-	5,394,000
Phillis Syengo	-	15,000
Mr. Jonathan Lodompui	37,508	-
Mr. Mugo Kibati	57,719	-
Parapet Cleaning Services	44,540	-
Sawela Lodge	507,000	-
The Standard Group	-	613,872
Total	7,704,825	35,465,634

7. Surplus/(Deficit) Account

This is composed of the accumulated surplus over the period of the Secretariats' existence.

	30 June 13 Kshs	30 June 12 Kshs
Surplus / Deficit B/F	3,094,484	17,475,336
Net Surplus / (Deficit) for the year	(20,692,005)	(14,384,558)
Prior Year Adjustment / Other	-	3,706
Surplus / (Deficit) C/F	(17,597,521)	3,094,484

8. Government Grant

This represents funds voted for in the Government budget for the financial period. The expected receipts from the Government are thus well known before the start of the period and the same are released on a quarterly basis.

The balances as at 30th June 2013 were as follows:

	30 June 13 Kshs	30 June 12 Kshs
a) Recurrent Grant	196,735,408	227,456,705
b) Capital Grant	3,856,592	5,543,295
Total	200,592,000	233,000,000

9. Other Income

	30 June 13 Kshs	30 June 12 Kshs
Income from the sale of tenders	1,608,100	642,700

10. Personnel Emoluments

	30 June 13 Kshs	30 June 12 Kshs
Salaries and Allowances	77,797,249	85,385,500
Casual Wages	-	146,994
Leave Allowances	830,000	940,000
Gratuity Paid	8,165,190	13,691,667
Total	86,792,439	100,164,161

11. Operating & Maintenance Expenses

	30 June 13	30 June 12
	Kshs	Kshs
Telephone	5,232,876	5,314,626
Rent and Rates	11,931,180	9,850,560
Staff Welfare	6,001,286	4,400,004
Group Life Insurance	764,607	992,370
Insurance (Motor Vehicles)	98,141	259,560
Medical cover in & out Patient	10,849,239	7,330,774
Motor vehicle Fuel & Maintenance Expense	3,647,555	3,794,619
Computers Expenses	2,948,490	756,684
Internal Travelling	5,385,098	6,775,687
External Travelling	7,775,596	5,303,777
Printing & Publishing Services	908,970	1,701,654
Communication, Advertising and Publicity	48,908,648	70,106,865
Hire of Transport	139,760	99,500
Training Expenses	1,415,842	1,427,371
Enabling Fund for Project	1,178,450	1,749,025
Workshop, Conference & Seminar	4,653,773	6,108,457
Purchase of Stationery	2,179,260	2,300,860
Bank Charges	166,170	110,050
Subscription to Professional Bodies	233,049	282,663
Legal Expenses	-	291,259
Contracted Professional Service	3,828,680	-
Miscellaneous Other Charges	112,140	46,020
Maintenance of Building Expenses	1,423,032	776,022
Total	119,781,841	129,778,406

12. Deferred Income – Government Granted Assets

As per the IFRS/IAS 20 there are basically two methods of accounting for the grant, Income method and Capital method. The Secretariat has elected to use the Income method because it gives full disclosure on the granted assets from the Ministry of Planning.

The granted assets are non-current assets granted to VDS by Ministry of Planning, National Development and Vision 2030, representing assets bought during 2009/2010 financial year by the Ministry for VDS. The granted assets are supposed to be recognized as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

	30 June 13 Kshs	30 June 12 Kshs
Deferred Income B/F	4,186,436	7,367,266
Amortization of Granted Assets	(2,892,230)	(3,180,830)
Deferred Income C/Forward	1,294,206	4,186,436

13. Boards' Expenses

The Boards' expenses relate to sitting allowances paid to Board members and other expenses incurred by the Board members in transacting activities relating to the Board.

14. Audit Fees

This comprises of the fees expected to be paid to the Controller and Auditor General for the audit of the current period.

15. Contingent Liabilities

There were no contingent liabilities at 30th June 2013

16. Capital Commitments

There were no capital commitments for the period

17. Employees

The average number of employees during the 2011/2012 financial year was thirty two (32) while during the current period was thirty (30).

18. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents to meet obligations as they fall due. The management ensures that adequate cash reserves are maintained to pay off liabilities as they crystallize.

19. Currency

These financial statements are presented in Kenya Shillings (Kshs.)

20. Cash and Bank Balance

This is as worked out in the Cash flow statement for the period

21. Capital Reserves

This is as worked out in the statement of change in Equity for the period